

Office of Chief Counsel
Internal Revenue Service

memorandum

CC:WR:NCA:SF:TL-N-2754-00
KGCroke

date: May 9, 2000

to: Chief, Examination Division, Northern California District
Attn: Ron Cheung, Team Coordinator, Examination Branch 1

from: District Counsel, Northern California District, San Francisco

subject: [REDACTED]
TL-N-2754-00

Ron, below is a memorialization of the advice I provided to you in our phone discussion on May 4, 2000.

Facts:

Exam is auditing the consolidated returns of [REDACTED] for the [REDACTED] and [REDACTED] tax years. [REDACTED] was the common parent for the affiliated group. In [REDACTED] a UK corporation, merged with [REDACTED] and a new company was formed called [REDACTED]. [REDACTED] recently merged its operations with those of [REDACTED] in a joint venture called [REDACTED]. The venture's US [REDACTED] licenses and authorizations are held by [REDACTED] partnership which is treated as a corporation for US tax purposes. [REDACTED] has survived both mergers and is still in existence.

Exam is also auditing the [REDACTED] and [REDACTED] years of a number of partnerships that are owned by subsidiaries of [REDACTED]. [REDACTED] was designated the tax matters partner for each of the partnerships. The IRS has not been notified that the designation of [REDACTED] as tax matters partner has been revoked or superseded.

Question 1:

Who is the proper party to execute the consent to extend the statute of limitations for the [REDACTED] and [REDACTED] tax years for the consolidated group?

Answer:

Where the common parent remains in existence, even if it is

no longer the common parent, it remains the agent for the group with regard to years in which it was the common parent of the group. Treas. Reg. §§ 1.1502-77(a); 1.1502-77T(a)(4)(i). Here, because [REDACTED] was the common parent for the group during the [REDACTED] and [REDACTED] tax years and it is still in existence, it remains the agent for the group for those years. Accordingly, it is the proper party to execute the consent.

Question 2:

Who is the proper party to execute the consent to extend the statute of limitations for the partnerships?

Answer:

The limitations period for assessing any income tax attributable to a partnership can be extended with respect to all partners by an agreement between the Secretary and the tax matters partner (or any other person authorized by the partnership in writing to enter into such an agreement). I.R.C. § 6229(b)(1)(B).

[REDACTED] was the designated tax matters partner for the partnerships for the [REDACTED] and [REDACTED] tax years. Treas. Reg. § 301.6231(a)(7)-1(1) provides that, if the tax matters partner is an entity, a designation of a tax matters partner for a taxable year shall remain in effect until the liquidation or dissolution of the tax matters partner or upon revocation or subsequent designation. Here, [REDACTED] was neither liquidated nor dissolved when it merged with [REDACTED] or in the later merger with [REDACTED]. It is still in existence. In addition, the IRS has not been notified that [REDACTED]'s designation as tax matters partner has been revoked or that a subsequent designation has been made. Accordingly, [REDACTED] is still the tax matters partner for the partnerships and is the proper party to execute the consents.

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By:


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cc: Assistant Chief Counsel (Field Service)
Assistant Regional Counsel (TL)